
SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION

Senator Susan Rubio

Chair

2025 - 2026 Regular

Bill No: SB 1171 **Hearing Date:** 4/14/2026
Author: Caballero
Version: 3/23/2026 Introduced
Urgency: No **Fiscal:** Yes
Consultant: Felipe Lopez

SUBJECT: State funds: grant programs: loan programs: eligibility

DIGEST: This bill prohibits the awarding of a grant or loan that uses state funds to a private entity that contracts with United States Immigration and Customs Enforcement (ICE).

ANALYSIS:

Existing law:

- 1) Establishes various benefit programs, including grant programs and loan programs.
- 2) Generally, under the California Values Act, prohibits California law enforcement agencies from using their moneys or personnel for immigration enforcement purposes, except as specified.

This bill:

- 1) Prohibits an administrator from awarding a grant, or issuing a loan, from a covered program to a private entity that contracts with ICE.
- 2) Requires an administrator to include in their eligibility requirements for their covered programs that an eligible private entity shall not contract with ICE.
- 3) Defines “administrator” to mean a state agency, local agency, or third-party contractor administering a covered program.
- 4) Defines a “covered program” to mean a grant program or loan program that use state funds.

- 5) Defines a “third-party contractor” to mean either a nonprofit or other organization that contracts with a state or local agency to administer a covered program or a recipient of a grant or loan from a covered program if the conditions of the grant or loan require the grant recipient to redistribute a portion of those funds to nonprofit organizations.
- 6) Includes various legislative findings as to the importance of immigrants to California’s economy.

Background

Author Statement. According to the author’s office, “California is home to nearly 11 million immigrants, including over 2 million undocumented residents. Our state has long valued the contributions immigrants make to our economy and communities and has enshrined protections for immigrants in state law. Immigrants have strengthened our economy, enriched our cultural identity, and have positively contribute to the social fabric of California since its founding. Since June of last year, ICE has conducted military-style immigration raids throughout the country, including here in California. These operations have overwhelmingly targeted communities of color, separated children from their parents, torn families apart, undermined public safety and trust in our local governments, and have deterred many of our immigrant neighbors from accessing critical resources like health care, education, and emergency services.”

Furthermore, “masked ICE agents have used violent and aggressive physical enforcement tactics to enforce civil immigration policy. These enforcement actions have led to numerous lawsuits alleging racial profiling, unlawful detention, and excessive use of force against United States citizens, lawful permanent residents, and undocumented immigrants alike. While California does not have the authority to prevent the federal government from operating in our state, we do have the authority to decide how state and local tax dollars are spent.”

Finally, “the Legislature has a responsibility to the taxpayers of the state to ensure their tax dollars are spent in a way that aligns with our values of community stability, safety, inclusivity, and the overall well-being and protection of every California resident. Consistent with this responsibility, SB 1171 will exclude any private entity that contracts, works or partners with ICE, ineligible to receive consideration for a state funded loan or grant of any kind. California will not support the efforts of ICE, either directly or indirectly, when their actions contravene our values, instill a sense of fear in our communities, or harm our residents.”

Companies With ICE Contracts. Based on publicly available data, there are a wide range of private companies contracting with ICE. These industries include detention operations, technology, logistics, and enforcement support. The scale of these contracts varies significantly, from relatively small service agreements to multi-billion-dollar awards.

For example, Palantir has reportedly received roughly \$80 million in ICE-related contracts for data and deportation tracking systems, while Deloitte has secured over \$100 million for data analysis and law enforcement services. Smaller but still significant contracts include L3Harris Technologies, with an estimated \$10-\$50 million in communications and surveillance support, and Motorola Solutions, with contracts around \$15 million for tactical communications infrastructure.

In 2024, ATT signed a 10-year contract to “provide the U.S. Department of Homeland Security with Government Emergency Telecommunications Services and Wireless Priority Services.” The contract was reported to be valued at \$146 million. It’s unclear how much of the contract was for ICE. Comcast holds an ICE contract that is worth \$60,000 to provide broadcast cable at “five regional wire rooms,” or centers for investigating criminal activity. Dell Federal Systems, the government contracting arm of Dell computers, has been awarded a \$18.8 million to support the office of ICE’s chief information officer.

In addition to technology firms, a substantial portion of ICE contracts involve detention, facilities management, and operational support. Companies such as Chenega Facilities Management have active contracts valued at approximately \$28 million for maintaining ICE facilities, while related Chenega subsidiaries hold additional contracts in the millions for infrastructure and operational services. In the detention and infrastructure space, contracts can be far larger: for example, private corrections and facility development companies have received contracts worth up to \$125 million for building detention centers, and newer contracts for large-scale detention facilities have reached over \$300 million for a single site. Medical and staffing services also represent a major category, with companies like Jackson Healthcare Government Services holding contracts valued at about \$2.6 billion over multiple years to provide staffing at ICE detention facilities.

There is also a broad layer of mid-sized contractors supplying equipment and enforcement-related materials. Quantico Tactical Services, for instance, has received contracts totaling roughly \$19 million for firearms, restraints, and tactical gear. Other firms provide logistics, software licensing, investigative services, and even basic supplies, with contract values ranging from tens of thousands to tens of millions of dollars. More recently, ICE has expanded into outsourcing surveillance

and tracking functions, with some programs offering up to \$280 million per contractor for “skip tracing” and related enforcement support services.

This represents only a limited snapshot of the companies currently contracting with ICE. Public reporting suggests that there are likely hundreds—if not thousands—of companies with active ICE contracts across a range of industries. At the same time, it remains unclear how many of these entities have received, or are in the process of receiving, grants or loans supported by state funds.

California Grant and Loan Programs. California administers a wide range of grant and loan programs funded with state dollars across various sectors such as housing, education, infrastructure, environmental protection, and economic development. For example, the California Department of Housing and Community Development oversees major state-funded programs that provide both grants and loans for affordable housing and homelessness response, including Homekey, the Homeless Housing, Assistance and Prevention (HHAP) program, the Multifamily Housing Program, and the Infill Infrastructure Grant program.

Similarly, agencies such as the California Department of Water Resources and the California Natural Resources Agency provide state-funded financial assistance for water infrastructure, flood control, environmental restoration, and climate resilience projects. In education, programs like the Cal Grant and the Middle-Class Scholarship distribute significant state funding directly to students, while the California Grants Portal publicly catalogs hundreds of active funding opportunities across agencies.

In addition to these programs, the California Public Utilities Commission (CPUC) administers several grant programs that also rely on state-authorized funding or ratepayer-supported public purpose funds. These include the Equity and Access Grant Program, a multi-million-dollar initiative created through state budget legislation to support community-based organizations and tribes in participating in energy and regulatory decision-making processes.

The CPUC also administers the Equity, Engagement, and Education Grant Account, which provides grants to build community capacity around clean energy programs, explicitly funded through state appropriations. Additional CPUC-administered funding includes broadband and digital equity grants through programs like the California Advanced Services Fund, which has awarded millions of dollars for digital literacy and infrastructure projects in underserved communities, as well as smaller Digital Divide grants supporting technology access and training.

More broadly, the CPUC also plays a central role in directing or overseeing large-scale funding initiatives tied to state policy goals, particularly in the energy sector. For example, it established the Electric Program Investment Charge (EPIC), which invests over \$100 million annually in clean energy research and technology development to advance California's climate goals and participates in multi-agency efforts like the Solar for All program, which includes hundreds of millions of dollars to expand solar access in low-income communities. Overall, publicly available information shows that California's use of state funds for grants and loans spans a wide array of agencies and programs, including those administered or overseen by the CPUC, which plays a significant role in distributing funding for energy, broadband access, and community equity initiatives.

Based on the significant number of grants and loan programs supported by state funds, it remains unclear how many companies that have received such funding would become ineligible under the provisions of this bill. However, publicly available information suggests that some entities that could be affected include AT&T and Comcast. For example, in late 2025, the CPUC announced that AT&T and Comcast, among other recipients, were awarded five grants totaling approximately \$96 million to support broadband infrastructure projects. These investments are intended to expand reliable, high-speed internet access to nearly 15,000 Californians and connect more than 4,500 previously unserved locations. If the provisions of this bill had been in effect, it appears that AT&T and Comcast would have been ineligible for those grants due to their contracts with ICE.

Administrative Challenges and Impact to the State. From an administrative standpoint, the implementation of this bill could be complex and burdensome, as administrators would need to identify which companies have ICE contracts, including parent companies, subsidiaries, and subcontractors, using federal procurement data that may not always be current or easy to interpret. In addition, the measure could significantly narrow the pool of eligible applicants for state programs, as many large companies in sectors like telecommunications, technology, and infrastructure seem to maintain some form of federal contracting relationship, which could in turn increase costs, reduce competition, or delay critical projects.

The bill may also create complications for grants or loans that are already in process at the time the provisions take effect. From a legal perspective, the proposal could face challenges related to federal preemption, as it may be argued that restricting state benefits based on participation in federal contracting interferes with federal operations, as well as potential issues under the Dormant Commerce Clause if it is viewed as discouraging lawful interstate commerce. There are also broader economic and policy considerations, including the possibility that affected

companies could scale back participation in state programs, which may impact job creation, infrastructure development, or service delivery. Finally, ongoing enforcement would require continuous monitoring of companies' federal contracting status, creating additional administrative demands and raising questions about how to handle situations where a company's eligibility changes during the life of a grant or loan.

Committee Amendments. As currently drafted, the bill's provisions would take effect on January 1, 2027, requiring program administrators, on day one, to determine which companies would no longer be eligible for state-funded grants and loans. The measure could also affect awards that are already in process at the time the provisions take effect. Accordingly, the committee may wish to consider delaying implementation to provide administrators sufficient time to identify affected entities and to allow pending grant and loan awards to be completed, as follows:

This chapter shall not apply to the award of grants or issuance of loans for which an application was submitted, or award or issuance was made, before July 1, 2027.

Prior/Related Legislation

AB 1675 (Lee, 2026) enacts the No Tax Breaks for ICE Contractors Act of 2026, which would deny all tax expenditures otherwise available under the Corporation Tax Law to any taxpayer that contracts with United States Department of Homeland Security, as provided. (Pending in the Assembly Revenue and Taxation Committee)

AB 1807 (Gabriel, 2026) prohibits the use of state-owned property for purposes of immigration enforcement, as specified. (Pending in the Assembly Judiciary Committee)

SB 1173 (Gonzalez, 2022) would prohibit CalPERS and CalSTRS from making additional or new investments or renew existing investments of public employee retirement funds in a fossil fuel company and require them to liquidate existing investments in a fossil fuel company or on before July 1, 2027. (Never Heard in the Assembly Public Employment and Retirement Committee)

SB 1328 (McGuire, 2022) would have prohibited California public funds from investing in any of the following: 1) "prohibited companies" domiciled in Russia or Belarus; 2) companies determined by the US government to be complicit in the invasion of Ukraine; or 3) companies that supply military equipment to Russia or

Belarus. This bill also prohibits the pension funds and other state agencies from transacting with, investing in, or contracting with Russia and Belarus, as specified. (Never Heard in the Assembly Public Employment and Retirement Committee)

SB 33 (Bonta, 2019) would have required CalPERS and CalSTRS to divest from private prison companies, from making new or renewing existing investments in such companies, and to constructively engage with private prison companies to establish whether the companies are transitioning their business model to another industry, among other provisions. (Failed passage in the Assembly Public Employees, Retirement, and Social Security Committee)

SB 30 (Lara, 2017) would have prohibited the state from awarding or renewing any contract with any person that, at the time of bid or proposal for a new contract or renewal of an existing contract, is providing or has provided goods or services to the federal government for the construction of a federally funded wall, fence, or other barrier along California's southern border. (Gutted to an Unrelated Issue)

AB 946 (Ting and Gonzalez Fletcher, 2017) would have prohibited the boards of the Public Employees' Retirement System and the State Teacher's Retirement System from making new investments or renewing existing investments of public employee retirement funds in a border wall construction company, as defined. (Never Heard in the Assembly Public Employment and Retirement Committee)

SB 54 (De Leon, Chapter 495, Statutes of 2017) limits the involvement of state and local law enforcement agencies in federal immigration services. Specifically, the bill prohibits law enforcement agencies (including school police and security departments) from using resources to investigate, interrogate, detain, detect, or arrest people for immigration enforcement purposes.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT:

None received

OPPOSITION:

None received

DUAL REFERRAL: Senate Governmental Organization Committee and Senate Local Government Committee